

'I'm fully within my rights to do it anyway and I will'; The new book by Aaron Wherry, *Promise and Peril*, looks at the thinking behind Justin Trudeau's introduction of carbon pricing and the conviction that it would succeed despite the earlier failures of Stéphane Dion - and provincial opposition

The Toronto Star

August 24, 2019 Saturday

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Section: INSIGHT; Pg. IN1

Length: 2067 words

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Body

Shortly before Trudeau walked down to the House of Commons [in 2016] to announce his government would move forward with a federal price on carbon, as he and his advisers were gathered together around the prime minister's suite of offices in Centre Block, Gerry Butts leaned over to Trudeau. "We're doing the right thing," he said. "Hard things are hard."

[Trudeau says] "I was excited to be able to lay out the principles, the examples, have the actual conversation in a very direct and clear way. For me to be able to say, 'This is us, this is where we're going, this is what we believe in. Bring it on and we'll figure out whether or not Canadians are against us or with someone else.'

"I always look for those moments of, 'Here, let me give a big speech on this and lay out where we are and where we stand and over the coming months we'll develop and defend it.' People will know exactly where I stand and be able to choose to listen to my arguments or listen to the counter-arguments."

In that speech, Trudeau referenced his three children by name - Xavier, Ella-Grace and Hadrien - as his motivation for acting. Two and a half years later, Butts made a similar appeal in the midst of announcing his resignation from Trudeau's office.

"I also need to say this (and I know it's a non sequitur)," he wrote. "Our kids and grandkids will judge us on one issue above all others. That issue is climate change."

"Hard things are hard" is a credo borrowed from Barack Obama's presidency. David Axelrod, an adviser to the president and a friend to Butts, offered that wisdom to Obama during the administration's fight to pass health-care reform. It was later inscribed on a plaque that sat on Obama's desk. That battle dominated the first two years of Obama's first term.

The legislation was loudly opposed, just barely passed and likely contributed to Democratic losses in the 2010 midterm elections. It was challenged in court and Republicans vowed to repeal it. Its launch, via an online portal, was riddled with technical failures. "Sometimes we get disappointed, in this age of instant gratification, when we don't feel as if everything is solved," Obama remarked in a speech in 2016, reflecting on Axelrod's wisdom.

Hard things are hard. Progress is rarely perfect and not always linear. Nothing is ever solved in a day. Crafting national policy is a lot harder than sending a tweet.

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After coming to office in 2017, the Trump administration took various steps to weaken "Obamacare." And yet, more than eight years after the Affordable Care Act was signed into law, Obamacare still exists. As of 2019, it was still helping people access vital services and it loomed as a standard by which any effort to reduce public care would be measured. Indeed, both its successes and shortcomings seem to have inspired a new generation of Democratic Party leaders to push for a further expansion of public medicare.

Designing a national approach to climate change in Canada is, similarly, not simple. Allowing each province to decide on its own emissions reductions would invariably lead to varying levels of ambition, with no guarantee that those provincial targets would necessarily add up to a responsible national target.

Applying a uniform target to every province would invariably result in disagreements over local differences in industry and energy usage. Attempting to set different targets for each province would require prolonged and messy negotiations. The Liberals opted to focus on establishing a common standard of policy - a price on carbon, with a federal backstop for provinces with recalcitrant premiers.

The courts will decide whether the law is on their side. In the meantime, economists will line up to say that putting a price on carbon is the most efficient method for reducing emissions - that it will achieve those reductions at the lowest possible cost to the economy.

Broad regulations - whereby governments simply declare a limit on emissions or a requirement for production - tend to actually cost the economy, and consumers, more. But with regulations, the cost is obscured. With carbon pricing, the charge is explicit. And therein lies the politics.

Trudeau was at least well acquainted with the political challenge - he was a rookie candidate in 2008 when Stéphane Dion put a carbon tax at the centre of the Liberal campaign.

Dion "picked the right thing, the principle that we tax pollution more and reduce personal taxes. For me, [it's] the right thing and it's something we're going to do within the decade," Trudeau said in an interview with *Maclean's* after that election. "It's a no-brainer. It's the right thing to do, but it also is going to be a difficult thing to do, politically."

The Liberal result in that election was not entirely attributable to the carbon tax. Dion was a flawed leader. And the Liberal Party was a flawed organization.

"It's lack of resources, lack of ability to counteract - I mean, you can counteract a highly negative personal-attack-based ad campaign without being highly negative and attacking personally yourself. But it takes similar amounts of funds. And it takes a coherent strategy that everyone's working together. And it takes a strong, resilient organization that can reach out at every grassroots level," Trudeau said in 2008. "And those three things we didn't have, and that's what we know now."

The problem, Trudeau suggested, was that voters looked at Dion and just couldn't see him as a prime minister. "It's that 'we just don't see him as' that killed us. That's our job as communicators, to be getting that out."

Dion was a fussy academic, stuffy and awkward and inelegant in English, his second language. What he proposed in 2008 was a "Green Shift." "We need to make polluters pay," Dion said, "and put every single penny back into the hands of Canadians."

But it was not a straight swap. A price on carbon would be implemented at \$10 per tonne, gradually increasing to \$40 per tonne. The revenue from that price would be directed toward a combination of tax relief, poverty reduction and environmentally friendly investment: three cuts to personal income tax rates, the creation of a new child benefit, increases to two employment benefits, targeted allowances for rural and northern residents, a corporate tax cut, a small business tax cut and two business investment incentives.

That inclusion of measures to fight poverty added an element of social spending to Dion's plan. And there was no mechanism to account for provincial disparities in emissions.

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A decade later, things were different. Trudeau, for one, was everything Dion was not. The Liberal promise in 2015 was merely to work with the provinces to put a price on carbon. And that was just one element of an expansive platform that was primarily focused on other concerns.

By the time Trudeau stood in the House of Commons to announce a federal backstop, the four biggest provinces were already putting a price on carbon. And when it came time to apply the federal policy, the Liberals chose to return 90 per cent of the revenue directly to the residents of each province through a rebate. The remaining 10 per cent would be directed to schools, businesses and hospitals.

The government estimated that approximately 70 per cent of residents in the four provinces would receive more via the rebate than they would end up paying in increased costs. The parliamentary budget officer later estimated that only those in the top 20 per cent of income earners would end up paying more than they received.

An Angus Reid poll conducted immediately after Trudeau announced the rebate found a significant shift in public opinion. In July 2018, 45 per cent of respondents supported the plan, against 55 per cent opposed. By late October the numbers had flipped: 54 per cent in favour, 46 per cent against. Support increased 11 points in Ontario.

"I think both the way we're telling this story and the readiness of Canadians to hear the story have changed," Trudeau says now when asked about Dion. "I also think we have made different policy choices that instead of the environmental combination of doom and gloom and take your medicine, we know what's best for you, we're saying, 'We're going to do the right things to protect the environment for future generations, but we are going to make sure that ordinary families succeed through this transition we have to do.'"

The Liberals also found a new way to talk about what they were doing. Dion had talked about a "carbon tax." Trudeau spoke initially of a "price on carbon." Then, two and a half years into governing, Liberal ministers and MPs started talking about a "price on pollution."

This was about marketing and persuasion. But it was also, arguably, a clearer description of what the policy is supposed to do. "Canadians realize that polluting isn't free," McKenna had said. That is, Canadians should understand that greenhouse gas emissions have a cost: that the carbon emissions we produce ultimately contribute to damages to the environment, human lives and property.

Going back to 2012, when Stephen Harper's Conservatives were in office, the federal government has calculated a "social cost of carbon" to account for those damages when assessing policy. In 2016, it was set at \$40.70 per tonne. The free market does not account for that cost. Which is where, in theory, government policy should step in.

The professional opposition was nonetheless loud. Andrew Scheer, [Doug] Ford, [Jason] Kenney, [Brian] Pallister and [Scott] Moe formed a barbershop quintet of Conservative leaders who, without quite being able to explain how Canada would otherwise meet its international targets, were happy to sing the same dire tune about carbon pricing. Though a few are willing to dissent - most notably, Harper's former director of policy, Mark Cameron - it became an article of faith in post-Harper conservative circles that implementing a price on carbon would bring about economic ruin.

Ford travelled to Saskatoon and Calgary to appear alongside Moe and Kenney, while Scheer visited Queen's Park in Toronto to be seen with Ford. All five leaders posed for the cover of *Maclean's* - as "the resistance" - with Kenney claiming credit for bringing the coalition together.

At their most ambitious, Conservatives claimed that putting a price on carbon wouldn't reduce emissions anyway. The basic law of demand - that the quantity purchased tends to decline as the price increases - would suggest otherwise, and this is confirmed by a number of studies that have found British Columbia's carbon tax, in place since 2008, successfully reduced fuel consumption and emissions.

Sitting in his office, shortly after Notley had announced Alberta's withdrawal from the federal framework, Trudeau frames the 2019 election as a contest between action and inaction, one with potentially profound ramifications.

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"I find it difficult because it is both having a consequence on folks in B.C. who said, 'No, no, we were accepting the pipeline because it was part of the framework,' but the other piece is it has emboldened other provinces to say, 'See, the whole thing's collapsing.' And it enables the pundits on the right to sort of say, 'See, his careful balance is now completely ...'

"Again, that's why we have a federal backstop, you know. I'd rather do it with the provinces, but I'm fully within my rights to do it anyway and I will," he says, reflecting on Notley's announcement.

"But it also makes this part of our upcoming election a really important fight, because if we don't demonstrate that we can take real, tangible actions on the environment and continue to get the support of Canadians, no Canadian government's going to bother defending the environment anymore. It'll be seen as an electoral loser.

"And I can't have that, we can't have that, we can't afford - Canada can't afford that. Not because Canada's emissions are so big, proportional to everyone else, but because we're one of those places that is going to figure out solutions that other people can say, 'Well, if Canada can do it - a cold and energy-resource-rich country can figure out how to reach their Paris targets - then we have a path for everyone else.'" That is both a plea for support and the self-assignment of incredible responsibility.

Excerpt from *Promise and Peril: Justin Trudeau in Power* by Aaron Wherry © 2019. Published by HarperCollins Publishers Ltd. All rights reserved.

Classification

Language: ENGLISH

Document-Type: COLUMN

Publication-Type: NEWSPAPER

Subject: PRICES (90%); GOVERNMENT & PUBLIC ADMINISTRATION (89%); HEADS OF STATE & GOVERNMENT (89%); LEGISLATIVE BODIES (89%); GOVERNMENT ADVISORS & MINISTERS (78%); LEGISLATION (78%); POLITICAL PARTIES (78%); PRIME MINISTERS (78%); PUBLIC POLICY (78%); CAMPAIGNS & ELECTIONS (73%); ELECTIONS (73%); ELECTIONS & POLITICS (73%); HEALTH CARE POLICY (73%); MIDTERM ELECTIONS (72%); RESIGNATIONS (72%); OBAMA HEALTH CARE REFORM (67%); US PATIENT PROTECTION & AFFORDABLE CARE ACT (67%); HEALTH CARE REGULATION & POLICY (66%); GRANDCHILDREN (65%); HEALTH CARE REFORM (50%)

Industry: HEALTH CARE POLICY (73%); OBAMA HEALTH CARE REFORM (67%); US PATIENT PROTECTION & AFFORDABLE CARE ACT (67%); HEALTH CARE REGULATION & POLICY (66%); WEBSITES & PORTALS (60%); HEALTH CARE REFORM (50%)

Person: BARACK OBAMA (79%); JUSTIN TRUDEAU (79%); DONALD TRUMP (69%); STEPHANE DION (57%); DAVID AXELROD (50%)

Geographic: CANADA (79%)

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Load-Date: August 24, 2019

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